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FISCAL IMPACT STATEMENT

LS 6517

BILL NUMBER: SB 316

NOTE PREPARED: Dec 28, 2010

BILL AMENDED:

SUBJECT: Freezing of Logansport State Hospital staffing levels.

FIRST AUTHOR: Sen. Head

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill freezes staffing levels at Logansport State Hospital at the April 2, 2011, level.

Effective Date: April 1, 2011 (retroactive).

Explanation of State Expenditures: This bill would prevent any reduction in staffing at Logansport State Hospital after April 1, 2011, without the authorization of the General Assembly. The bill would limit the ability of the Division of Mental Health and Addiction to administratively decrease staffing levels to adjust to changes in patient volume, acuity, or to potential changes in treatment modalities. DMHA could add staff but would be prohibited from decreasing staffing levels and classifications below those in effect on April 2, 2011. Should the proposed transition plan implementation be delayed beyond the target dates, DMHA may be forced to maintain more staff positions and patients than intended at the Logansport facility, decreasing the level of savings anticipated from the transition plan. If such a situation were to occur, DMHA could adjust patient capacity and staffing at Richmond or Madison to achieve the desired level of savings.

Background Information: DMHA presented a state-operated facility transition plan to the Mental Health Commission and the Select Joint Commission on Medicaid Oversight during the interim session. The plan was developed to realize efficiencies in state-operated facilities that would decrease capacity in the system without closing any of the existing six facilities. At Logansport State Hospital, the transition plan will result in 138 patients with intellectual disabilities being transferred from the state-operated facility care to community placement and services in accordance with the goals of the Olmstead decision. Another 100 patients with Severe Mental Illness (SMI) will be transferred to other state-operated facilities. After the plan

is implemented, Logansport would continue to house and treat patients requiring forensic psychiatric services and other civil patients with high acuity who also need secure placement. The hospital would maintain a capacity of 134 patients and retain about 500 full-time employees. DMHA reported that layoffs associated with the transition were anticipated to be completed by March 1, 2011. Should the transition be delayed, DMHA would be required to maintain more staff at the Logansport facility resulting in a lower level of savings than estimated in the plan. Alternatively, DMHA could achieve the planned savings by ensuring all patients are transferred and planned layoffs are completed before the effective date of this bill.

As of July 1, 2010, Logansport State Hospital maintained 902.5 budgeted positions, of which 859 were filled, and a patient capacity of 388 with a total of 313 patients at the hospital. The Logansport downsizing plan is one component of a total estimated annual \$15.6 M reduction in state expenditures. For FY 2010 and FY 2011, the state budgeted \$57.4 M annually for the operations of Logansport State Hospital. Of this annual amount, \$40.8 M was appropriated from the state General Fund, \$1.4 M was from funds dedicated to mental health, \$10.3 M consisted of federal funds, and \$4.9 M came from Medicaid.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA, DMHA

Local Agencies Affected:

Information Sources: Susie Howard, FSSA; Gina Eckart, DMHA. “State Operated Facilities Transition Plan, Recovery and Reinvestment:” presentation to the Commission on Mental Health, September 7, 2010.

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